

Note 16: Other Liabilities

(Canadian \$ in millions)	2007	2006
Acceptances	\$ 12,389	\$ 7,223
Securities sold but not yet purchased	25,039	15,398
Securities lent or sold under repurchase agreements	31,263	31,918
	\$ 68,691	\$ 54,539

Acceptances

Acceptances represent a form of negotiable short-term debt that is issued by our customers and which we guarantee for a fee. We have an offsetting claim, equal to the amount of the acceptances, against our customers. The amount due under acceptances is recorded as a liability and our corresponding claim is recorded as a loan in our Consolidated Balance Sheet.

Securities Sold but not yet Purchased

Securities sold but not yet purchased represent our obligation to deliver securities that we do not own at the time of sale. These obligations are recorded at their market value. Adjustments to the market value as at the balance sheet date and gains and losses on the settlement of these obligations are recorded in trading revenues in our Consolidated Statement of Income.

Securities Lent or Sold under Repurchase Agreements

Securities lent or sold under repurchase agreements represent short-term funding transactions where we sell securities that we already own and simultaneously commit to repurchase the same securities at a specified price on a specified date in the future. The obligation to repurchase these securities is recorded at the amount owing. The interest expense related to these liabilities is recorded on an accrual basis.

(Canadian \$ in millions)	2007	2006
Other		
Accounts payable, accrued expenses and other items	\$ 7,760	\$ 7,196
Accrued interest payable	1,893	1,441
Non-controlling interest in subsidiaries	1,329	1,359
Liabilities of subsidiaries, other than deposits	387	112
Pension liability (Note 23)	11	20
Other employee future benefits liability (Note 23)	675	630
Total	\$ 12,055	\$ 10,758

Included in non-controlling interest in subsidiaries as at October 31, 2007 were capital trust securities totalling \$1,060 million (\$1,060 million in 2006) that form part of our Tier 1 regulatory capital (see Note 19).

Customer Loyalty Program

We record the liability associated with our credit card customer loyalty program rewards in the period in which our customers become entitled to redeem the rewards. We estimate the liability using the expected future redemption rate and apply the cost of expected redemptions. Our estimate of the expected redemption rate is based on statistical analysis of past customer behaviour. The costs of our loyalty program are recorded as a reduction in non-interest revenue, card fees in our Consolidated Statement of Income. The liability is included in other liabilities in our Consolidated Balance Sheet.

Change in Accounting Estimate

During the year ended October 31, 2007, we increased the liability for future customer redemptions related to our loyalty rewards program in Personal and Commercial Banking Canada's MasterCard business. The impact of this change on our Consolidated Statement of Income for the year ended October 31, 2007 was a reduction in non-interest revenue, card fees of \$185 million, a decrease in the provision for income taxes of \$65 million and a decrease in net income of \$120 million.

During the year ended October 31, 2005, we increased the estimate of the liability for future customer redemptions related to our loyalty rewards program. The impact of this change on our Consolidated Statement of Income for the year ended October 31, 2005 was a reduction in non-interest revenue, card fees of \$40 million, a decrease in the provision for income taxes of \$14 million and a decrease in net income of \$26 million.